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USOSCE FOR AMBASSADOR FINLEY

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SUBJECT: TURKMENISTAN: SCENESETTER FOR THE VISIT OF
AMBASSADOR JULIE FINLEY, OCTOBER 20-23

¶1. (U) Sensitive but unclassified. Not for public Internet.

¶2. (SBU) Embassy Ashgabat warmly welcomes you to Turkmenistan. You are coming to Turkmenistan in the early months of an expanding dialogue between Turkmenistan and the international community in general, and the OSCE and the United States in particular. In the ten months since the death of former President Niyazov, the new president has taken deliberate steps to move the country back toward the mainstream from the eccentricities and outrages of the Niyazov era. In contrast to his predecessor's often-hostile attitude toward the OSCE, President Berdimuhamedov seems willing to cooperate with the organization, especially in the human and security dimensions, and is allowing the OSCE's Office for Democratic Institutions and Human Rights (ODIHR) and the OSCE field mission in Ashgabat, the OSCE Center, to assist with one of Turkmenistan's most urgent needs: increasing the country's human capacity. Given Turkmenistan's neutrality, the OSCE's multinational nature makes it easier for the Government of Turkmenistan to turn to the OSCE than to Western countries, for assistance on some particularly sensitive issues, including election reform. The United States supports this engagement, which in turn bolsters U.S. efforts since Niyazov's death to turn the page in the bilateral relationship and to advance widespread, albeit gradual, change. We are confident your visit will help promote the OSCE's very constructive role here, as well as U.S. foreign policy across all three dimensions.

THE OSCE IN TURKMENISTAN: A ROLLERCOASTER RELATIONSHIP

¶3. (SBU) While the OSCE has had a field mission in Ashgabat since January 1999, relations with the OSCE for most of the last eight years have been rocky at best. In response to the wave of arrests -- including that of Turkmenistan's Ambassador to the OSCE, Batyr Berdiyev -- following the 2002 attack on former President Niyazov's motorcade, the OSCE invoked the Moscow Mechanism and assigned a French rapporteur to investigate Niyazov's handling of the event. Turkmenistan

denied the rapporteur a visa. In 2004, relations continued to worsen when the government indicated that it would not renew the visa of the Romanian diplomat who headed the OSCE Center. Although the current Head of Mission, Ambassador Ibrahim Djikic, succeeded in calming much of the rancor and restoring at least a limited working relationship, the OSCE Center again became the focus of controversy in June 2006 after the Government of Turkmenistan publicly accused the Center's Human Dimension Officer, Benjamin Moreau, of seeking to undermine President Niyazov's government.

¶4. (SBU) Turkmenistan's relationship with the OSCE took an abrupt turn for the better almost immediately after Niyazov's death. Then-interim President Berdimuhamedov invited ODIHR to advise the government on the presidential election. While ODIHR advisors concluded that the poll fell far short of international standards, ODIHR was encouraged enough by Berdimuhamedov's expressed willingness to broaden cooperation that ODIHR's Director, Ambassador Christian Strohal, visited in May, and he, the president and Deputy Chairman of the Council of Ministers/Foreign Minister Rashit Meredov mapped out a program of cooperation. The OSCE Center's patient, constructive approach has paid off. Cooperation has blossomed, with the OSCE Center now able to carry out programs -- including in the human dimension -- that would have been unthinkable just a year ago.

TURKMENISTAN POST-NIYAZOV

¶5. (SBU) A hydrocarbon-rich state that shares borders with Afghanistan and Iran, Turkmenistan is in the midst of an historic political transition. The unexpected death of President Niyazov on December 21, 2006, ended the authoritarian, one-man dictatorship that by the end of his

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life had made Turkmenistan's government among the most repressive in the world. The peaceful transfer of power following Niyazov's death confounded many who had predicted instability because the former president had no succession plan. President Berdimuhamedov quickly assumed power following Niyazov's death with the assistance of the "power ministries" -- including the Ministries of National Security and Defense, and the Presidential Guard. His position was subsequently confirmed through a public election in which the population eagerly participated, even though it did not meet international standards.

NIYAZOV'S LEGACY

¶6. (SBU) Berdimuhamedov inherited a country that former President Niyazov had come close to running into the ground. Niyazov siphoned off much of Turkmenistan's hydrocarbon proceeds into non-transparent slush funds used, in part, to finance his massive construction program in Ashgabat at the expense of the country's education and health-care systems. Politically, his increasing paranoia -- particularly after the 2002 armed attack on his motorcade -- led to high-speed revolving-door personnel changes at the provincial and national level, and an obsessive inclination to micro-manage the details of government. Criticizing or questioning Niyazov's decisions was treated as disloyalty, and could be grounds for removal from jobs, if not worse. Niyazov's increasing paranoia and xenophobia, expressed as "positive neutrality," led to Turkmenistan's political and economic isolation from the rest of the world. His policies calling for mandatory increases in cotton and wheat production led to destructive agricultural and water-use policies that left some of Turkmenistan's arable land salinated and played-out.

EDUCATION -- "DIMMER PEOPLE EASIER TO RULE"

¶7. (SBU) Niyazov's attacks on the educational system grew increasingly destructive in his later years. The Soviet-era educational system was broadly turned into a system designed to isolate students from the outside world and to mold them

into loyal Turkmen-speaking presidential thralls. President Niyazov famously defended this policy when, in 2004, he told a fellow Central Asian president, "Dimmer people are easier to rule." Niyazov's destruction of his country's education system included cutting the Soviet standard of ten years of compulsory education to nine, firing large numbers of teachers, and introducing his own works as core curriculum at the expense of the traditional building blocks of a basic education. He slashed higher education to two years of study and discouraged foreign study by refusing to recognize foreign academic degrees. Taken together, these steps created a "lost generation" of under-educated youth ill-equipped to help Turkmenistan take its place on the world stage.

RULE OF LAW -- A LOW BAR

18. (SBU) Niyazov seriously harmed Turkmenistan's political system. His capricious authoritarianism left a legacy of corrupt officials lacking initiative, accountability, and -- in many cases -- the expertise needed to do their jobs. Young officials who came of age after Niyazov's destructive changes to the education system are particularly deficient in skills and broader world vision needed to facilitate Turkmenistan's entry into the international community. Many laws lack transparency and provision for oversight and recourse. The population's lack of understanding of the meaning of rule of law has left the bar low in terms of citizens' expectations of their government.

BERDIMUHAMEDOV BEGINS TO REBUILD THE SYSTEM

19. (SBU) Berdimuhamedov still speaks of maintaining his

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predecessor's policies and the government pays respectful lip-service to Niyazov, but the new president has started reversing many of the most destructive, especially in the areas of education, health, and social welfare. He has restored -- and in many cases -- increased old-age pensions that Niyazov had largely eliminated. The president is embarking on a course of hospital-building, with the main focus on improving medical facilities in Turkmenistan's five provinces. To this end, he has already authorized construction of five provincial mother-and-children (maternity) hospitals. He has also publicly committed to improve rural infrastructure and to ensure that every village has communications, electricity, and running water.

10. (SBU) In education, Berdimuhamedov is reversing many of the policies Niyazov ordered him to implement while he served as Deputy Chairman of the Cabinet of Ministers for Education.

Since his inauguration, Berdimuhamedov has ordered a return to the compulsory standard of ten years' education, a return of universities to five years of classroom study, and a new emphasis on exchange programs and the hard sciences. On July 13, he called for recognition of foreign academic degrees, a major step which would allow exchange students to receive credit for their overseas study. The goal is to repair Turkmenistan's broken education system as quickly as possible and to give the country the educated workforce that it needs to compete commercially. These efforts, however, are hampered by old-thinking bureaucrats, especially in the Ministry of Education, who sometimes block or otherwise impede foreign assistance programs. This may perhaps be a legacy of the culture of xenophobia Niyazov had encouraged.

ELIMINATING THE CULT OF PERSONALITY

11. (SBU) Berdimuhamedov has incrementally started dismantling Niyazov's cult of personality. Huge posters of the deceased president are beginning to be removed from public buildings, and references to Niyazov's "literary" works, especially the "Ruhnama," are less frequent and might fade away over time. The new president has banned the huge stadium gatherings in his honor and the previous requirement

for students and government workers to line the streets, often for hours, along presidential motorcade routes. That said, in many places, Niyazov's picture has been replaced by Berdimuhamedov's, and the new president's quotes are now replacing Ruhnama quotations on newspaper mastheads. But these fairly common Central Asian practices are still far from "personality cult."

FIRST STAGES OF POLITICAL REFORM

¶12. (SBU) Berdimuhamedov has begun replacing the ministers he inherited from Niyazov. His focus seems to be on finding better-qualified individuals. On August 24, he established a "Human Rights Commission" to help bring the practices and policies of Turkmenistan's government agencies into line with international human rights standards and conventions. He has established a state commission to review complaints of citizens against law enforcement agencies, which has become a mechanism for pardoning at least some of those imprisoned (including for complicity in the 2002 attack on the presidential motorcade) under Niyazov. Since August, Berdimuhamedov has pardoned at least 26 prisoners of concern, most notably including the former Grand Mufti of Turkmenistan, Nasrullah ibn Ibadullah, and has promised that he will pardon more. Berdimuhamedov has also agreed to allow UNDP to provide human rights training to police.

¶13. (SBU) In addition, he has slowly begun to walk back some of the most restrictive controls on movement, first removing police checkpoints on the roads between cities, then -- on July 13 -- eliminating the requirement for Turkmenistan's citizens to obtain permits to travel to border zones

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(however, the permit system remains in force for foreigners). Although the president has been slower to strengthen the rule of law, and correct Turkmenistan's previous human rights and religious freedom record, he has told U.S. officials he wants to "turn the page" on the bilateral relationship and is willing to work on areas that hindered improved relations under Niyazov. Since an August visit by a delegation from the U.S. Commission on International Religious Freedom (USCIRF), at least two religious groups that have been trying to register (in some cases for up to six years) in accordance with Turkmenistan's 2004 Law on Religion have been permitted to do so. He has also approved an unprecedented number of visits by U.S. delegations since he took office, including those directed toward promoting reform.

ECONOMY AND FINANCE

¶14. (SBU) Turkmenistan's economy is closely controlled by the state, and, although the government for many years regularly proclaimed its wish to attract foreign investment, it made little effort up to now to change the state-control mechanisms, restrictive currency-exchange system and dual currency exchange rates that created a difficult foreign investment climate. However, in recent months, we have seen greater willingness among upper-level personnel at Turkmenistan's main economic and financial institutions -- including both the Ministry of Economy and Finance and the Central Bank -- to acknowledge that reforms are necessary. Part of this new attitude is linked to the president's growing frustration, expressed publicly during several cabinet-level meetings in August, with Turkmenistan's complex, opaque web of on- and off-budget funds, which have made a thorough accounting of state income and disbursements/expenses virtually impossible. And, in fact, President Berdimuhamedov's frustration with the lack of accountability in the budget was one of the key factors that led, in late July, to the creation of a Supreme Auditing Chamber. That said, growing interest in investing in Turkmenistan among western businessmen in hopes that the new government eventually will make the changes necessary to improve the investment climate is also providing an incentive for change.

FOREIGN POLICY: A NEW FOCUS ON ENGAGEMENT

¶115. (SBU) Notwithstanding his statements that he plans to continue the "neutrality" policies of his predecessor, Berdimuhamedov -- probably at the advice of Deputy Chairman of the Cabinet of Ministers and Foreign Minister Rashit Meredov -- has put an unprecedented emphasis on foreign affairs. Berdimuhamedov has met or spoken by telephone with all the leaders in the region -- including with President Aliyev of Azerbaijan, with whom Niyazov had maintained a running feud. He has exchanged visits with Russia's President Putin, and held a high-profile gas summit with Putin and Kazakhstan's President Nazarbayev in Turkmenistan's Caspian seaside city of Turkmenbashy (Krasnovodsk). China has a strong and growing commercial presence in Turkmenistan, and continues to court Berdimuhamedov through a series of high-level commercial and political visits. In mid-July, Berdimuhamedov made a state visit to China, focused mainly on natural gas and pipeline deals. While Turkey has given Berdimuhamedov top-level treatment, including an invitation to Ankara, its relationship with Turkmenistan continues to be colored more by the image of its lucrative trade and construction contracts, amounting to hundreds of millions of dollars, than by generous development assistance or fraternal support.

¶116. (SBU) Berdimuhamedov had a very successful trip in September to New York for the UN General Assembly, where he met with Secretary of State Rice. He has also held positive meetings with high-level U.S. State Department officials and

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leaders of the Organization for Security and Cooperation in Europe (OSCE) and United Nations to discuss areas of potential assistance. He met with UN High Commissioner on Human Rights Louise Arbour in May, the Head of the OSCE's Office for Democratic Institutions and Human Rights (ODIHR), Christian Strohal, and agreed to a future visit by the UN's Special Rapporteur on Religious Freedom.

ENERGY RESOURCES

¶117. (SBU) Turkmenistan has world-class natural gas reserves, but Russia's monopoly of its energy exports has left Turkmenistan receiving less than the world price and overly beholden to Russia for export. Pipeline diversification, including both a pipeline to China proposed for 2009 and the possibility of resurrecting plans for Trans-Caspian and Trans-Afghanistan pipelines that would avoid the Russian routes, and construction of high-power electricity lines to transport excess energy to Turkmenistan's neighbors, including Afghanistan, would not only enhance Turkmenistan's economic and political sovereignty, but also help fuel new levels of prosperity throughout the region. Berdimuhamedov has told U.S. interlocutors he recognizes the need for more options and has taken the first steps to this end, but he also moved toward increasing the volume of gas exports to Russia -- agreeing in principle to build a new littoral pipeline -- during the May tripartite summit in Turkmenbashy.

He will require encouragement and assistance from the international community if he is to maintain a course of diversification in the face of almost certain efforts by Moscow to keep Turkmenistan from weaning itself away from Russia.

U.S. POLICY

¶118. (SBU) U.S. policy in Turkmenistan is three-fold:

-- Encourage democratic reform and increased respect for human rights and fundamental freedoms, including support for improvements in the education and health systems;

-- Encourage economic reform and growth of a market economy and private-sector agriculture, as well as diversification of

Turkmenistan's energy export options; and

-- Promote security cooperation.

In raising human rights concerns, the United States:

-- Encourages further relaxation of Niyazov-era abuses and restrictions on freedom of movement;

-- Promotes greater religious freedom, including registration of unrecognized groups like the Roman Catholic Church, and making legal provision for conscientious objectors; and

-- Advocates the growth of civil society by urging the government to register Turkmenistani non-governmental organizations.

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